

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
May 24, 2017**

MINUTES

Present:

Treasurer Young Boozer, Chair
Mr. Marc Green for Dr. David Bronner
Mr. Sandy Hammer
Mr. Robert Bradley
Ms. Sarah Calhoun for Mr. Jimmy Baker
Mr. Clinton Carter
Ms. Maria Campbell
Mr. Mark Sullivan
Ms. Patti Lambert
Gen. Paul Hankins
Dr. James Purcell

Absent:

Mr. Jimmy Stubbs
Rep. Bill Poole
Sen. Trip Pittman
Dr. John Stewart

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. Dan Sherman, Sherman Actuarial Services

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on May 24, 2017. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

Chair Boozer introduced the new Executive Director of ACHE, Dr. James Purcell and announced the new Chancellor of ACCS, Jimmy Baker.

Roll was taken with a quorum present.

Chair Boozer presented the minutes of the February 8, 2017 board meeting. A motion for approval of the minutes as presented was made by Gen. Hankins, seconded by Mr. Hammer, with unanimous approval.

Chair Boozer asked Ms. Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations, plan assets, and the budget for fiscal year 2017. She discussed spring tuition payments and stated the program paid out benefits in the amount of \$25,300,501 to 7281 students from January 1 through March 31. Ms. Kelley said 1099Qs, Annual Statements and First Time in College Letters were mailed during the first quarter. The report was received as informational.

Chair Boozer presented the quarterly investment report provided by Regions. He discussed the performance of the portfolio versus the benchmark and said the portfolio had earned .54% for the quarter. Chair Boozer also discussed quarter end balances. The report was received as informational.

Chair Boozer called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 03/31/2017 was \$76,010,235. Mr. Sherman provided a summary of funding and compared the 12/31/2016 assets and liabilities to the 03/31/2017 numbers and noted the funded ratio was 121.5% compared to the 09/30/2016 of 114.2%. He also reviewed a spreadsheet of the projected cash flow through year 2032 and discussed the end of year assets for fiscal year 2022 and 2023 which also had an increase compared to the 09/30/2016 report. The report was received as informational.

Mr. Sherman presented and discussed three actuarial projections for increasing PACT benefit payments. He reviewed how each would affect the funded ratio and the cash flow in future years. After thorough discussion of each scenario, a motion to approve an 8% adjustment rate in PACT benefit payments payable for the Fall term was made by Ms. Lambert, seconded by Mr. Bradley with unanimous approval.

Chair Boozer called on Diane Steinhilber with Jackson Thornton to present the annual audit report for the 2016 fiscal year. Ms. Steinhilber provided a summary of the independent auditor's report that includes the management's responsibility for the financial statements and the auditor's responsibilities as well as their unqualified opinion. She discussed the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Ms. Steinhilber stated that there were no noted deficiencies in internal controls. No instances of non-compliance, or other matters that are required to be reported were found. The report was received as informational.

Chair Boozer presented the PACT Annual Report and stated that it had been submitted to the Governor and the legislature as required.

There being no further business to be discussed, a motion for adjournment was made by Gen. Hankins, seconded by Mr. Hammer, with unanimous approval. The meeting adjourned at 1:52 p.m.

Anita Kelley, Recording Secretary

Young Boozer, Chair